

Message Text

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ACTION ARA-10

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FM AMEMBASSY BRASILIA

TO AMEMBASSY CARACAS NIACT IMMEDIATE

INFO SECSTATE WASHDC 9910

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 5001

E.O. 11652: N/A

TAGS: OVIP; BR, EAGR

SUBJECT: PRESS COVERAGE OF VISIT BY SECRETARY BUTZ TO BRAZIL

CARACAS PASS SECRETARY BUTZ' PARTY

1. SUMMARY. VISIT BY SECRETARY BUTZ TO BRAZIL HAS RECEIVED SIGNIFICANT, LARGELY STRAIGHT-FORWARD COVERAGE IN BRAZILIAN PRESS. MAIN TOPICS ARE:
A) INTEREST IN BRAZIL/US COOPERATION AND COMPETITION AS SOYBEAN EXPORTERS, B) INTEREST IN DISCUSSIONS ON RAW MATERIALS POLICIES, INCLUDING GRAIN PRICES AND COMMODITY PRICES, C) LATIN AMERICAN DEMAND FOR US AGRICULTURAL EXPORTS IS EXPECTED TO FALL NEXT YEAR, D) INTEREST IN US/BRAZILIAN COOPERATION ON A COFFEE AGREEMENT. END SUMMARY.

2. RIO'S INFLUENTIAL JORNAL DO BRASIL (JB) HAS GIVEN FULL COVERAGE TO SECRETARY BUTZ' VISIT. ON JUNE 5 JB REPORTED THAT SECRETARY BUTZ PROBABLY WOULD MEET WITH GOB OFFICIALS RESPONSIBLE FOR SUGAR, SOY-
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BEANS, AND COTTON. SUGAR AND SOYBEAN OFFICIALS WOULD

BE INCLUDED, ACCORDING TO JB, BECAUSE THE BRAZILIAN EXPORT DRIVE AFFECTS US AGRICULTURAL INTERESTS AND THE US ECONOMY, AND BECAUSE BRAZIL'S INCREASING SALES ABROAD HAVE HEIGHTENED BRAZILIAN INFLUENCE ON CROP PRICES AND THE US COST OF LIVING. A SECOND PURPOSE OF THE VISIT, ACCORDING TO JB, IS THAT BRAZIL'S INCREASED IMPORTANCE AS AN AGRICULTURAL EXPORTER MAKES IT "A PARTNER TO BE CONSIDERED" IN INTERNATIONAL RAW MATERIALS DISCUSSIONS. IN THIS CONNECTION, JB REMARKED THAT SECRETARY BUTZ PRESUMABLY WOULD TELL GOB AUTHORITIES THAT SECRETARY KISSINGER'S RAW MATERIALS PROPOSAL IS AN ALTERNATIVE WAY OF STABILIZING GRAIN PRICES, AND IT WOULD PERMET CASE-BY-CASE ANALYSIS OF PRICES OF OTHER PRODUCTS. ACCORDING TO JB, THE GOB RESPONSE TO THESE ARGUMENTS IS AS HARD TO PREDICT AS BRAZIL'S RAW MATERIALS POLICY.

3. ON JUNE 7, JB COMMENTED THAT GOB OFFICIALS DOUBTED THAT SECRETARY BUTZ WOULD DISCUSS BRAZIL'S INCREASED SHARE OF THE WORLD SOYBEAN MARKET, OR THAT HE WOULD BRING PRESSURES TOWARD ENSURING THE US'S "SEMI-MONOPOLISTIC" POSITION IN THAT MARKET. GOB EXPERTS, ACCORDING TO JB, ARGUE THAT THE US STRATEGY EMPLOYS MORE SUBTLE MEANS TO CONTROL BRAZIL'S MARKET SHARE -- THE MARKETING POWER OF US MULTINATIONAL CORPORATIONS. JB ALSO NOTED THAT A RECENT AGREEMENT BY US AND BRAZILIAN PRODUCERS TO STIMULATE BRAZILIAN DOMESTIC DEMAND FOR SOYBEANS AND SUB-PRODUCTS SUPPORTS THIS STRATEGY.

4. JB'S MOST RECENT COMMENT CAME IN A STRAIGHT-FORWARD EDITORIAL ON JUNE 17. HIGHLIGHTS ARE:

-- ALTHOUGH SECRETARY BUTZ IS VISITING VENEZUELA AND BRAZIL TO SEEK INCREASED US AGRICULTURAL EXPORTS TO LATIN AMERICA SUCH SALES WORLD-WIDE ARE EXPECTED TO FALL BY 20 PERCENT IN THE NEXT FISCAL YEAR AND LATIN AMERICA WILL CONTRIBUTE TO THIS REDUCTION.

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SECRETARY BUTZ ON LATIN AMERICA, AND HE WILL URGE THAT ALL EFFORTS BE MADE TO STIMULATE INTEREST IN US AGRICULTURAL PRODUCTS.

5. THE PRESTIGIOUS O ESTADO DE SAO PAULO (ESP), WHOSE CIRCULATION AREA INCLUDES MUCH OF THE COFFEE-GROWING REGION, HAS ALSO GIVEN SIGNIFICANT COVERAGE TO SECRETARY BUTZ' VISIT. ON JUNE 8, ESP SAID THAT

THE VISIT IS OF GREAT SIGNIFICANCE TO BOTH COUNTRIES. ESP POINTED OUT THAT SECRETARY BUTZ, AS WELL AS SECRETARY KISSIGNER, SUPPORTS US PARTICIPATION IN STABILIZING RAW MATERIALS PRICES, INCLUDING COFFEE PRICES. SECRETARY BUTZ ENJOYS GREAT POPURITY IN US AGRICULTURAL REGIONS, ESP NOTED, AND THIS IS HIGHLY IMPORTANT TO PRESIDENT FORD'S POLITICAL FUTURE. ESP EXPRESSED THE VIEW THAT THE GOB CERTAINLY WILL WANT TO DISCUSS THE INTERNATIONAL COFFEE AGREEMENT, WHICH MOST US COFFEE IMPORTING FIRMS SUPPORT. AS FOR SOYBEANS, ESP SAID THAT BRAZIL AND THE US, AS COMPETITORS, CAN PROFIT FROM COLLABORATION. ESP RECOMMENDED A GENTLEMEN'S AGREEMENT RATHER THAN EXPORT QUOTAS, STOCK CONTROLS, PRICE SUPPORTS, OR GOB STATE TRADING.

6. THE IMPORTANT BUSINESS AND FINANCIAL DAILY, GAZETA MERCANTIL (GM), CARRIED A FRONT PAGE STORY ON JUNE 10 REMARKING THAT USDA'S PRESS RELEASE ON SOY BEANS CONFIRMED THAT BRAZILIAN EXPORTS (MANAGED BY THE SEMI-PUBLIC TRADING FIRM COBEC) ARE PERFORMING WELL, BUT, DISTURBINGLY IN ESP'S VIEW, THE RELEASE ATTRIBUTED INCREASED US STOCKS TO BRAZIL'S EXPORT DRIVE. THE FOLLOWING DAY, GM COMMENTED THAT IN MATHEMATICAL TERMS THE (USDA) CHARGE IS INCORRECT, AND THE RELEASE CAUSED APPREHENSION BY PORTRAYING BRAZIL AS A TRADE ADVERSARY RATHER THAN A TRADE COMPETITOR. GM ADDED THT MINISTER PAULINELLI RECENTLY ASKED THE US AND OTHER INDUSTRIAL COUNTRIES TO SUPPORT AGRICULTURAL EXPORTS BY BRAZIL AND OTHER LDCS, NEEDED TO FINANCE THEIR ECONOMIC GROWTH. ACCORDING TO GM, BRAZIL IS ONLY SEEKING RECOGNITION OF ITS SPECIAL LAND AND LABOR SUPPLY CONDITIONS

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FOR AGRICULTURAL EXPANSION, BUT "APPARENTLY, WASHINGTON CONTINUES TURNING A DEAF EAR TOWARD THE GOB'S ARGUMENTS."

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